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C O N F I D E N T I A L ASMARA 000065

E.O. 12958: DECL: 02/22/2019

TAGS: [ECON](#) [ENRG](#) [PGOV](#) [ER](#)

SUBJECT: ERITREA'S ENERGY POLICY: JUST IN TIME DELIVERY

REF: (A) ASMARA 50 (B) 08 ASMARA 558

Classified By: Amb. Ronald K. McMullen for reason 1.4(d)

¶1. (C) As of February 20, Eritrea was close to running out of both gasoline and diesel, though 3 million gallons total were due to arrive from Sudan on February 24 or 25, according to the Total Oil country manager. He said he had gasoline, but believed there were only 42,000 gallons in the country, about an 8-day supply. The Asmara rumor mill was spinning early last week that gasoline was not for sale. Prompted by an anonymous call on February 16, the manager checked his stations and found long lines for gasoline. Shortly afterward the GSE authorities arrived to inventory the stock and afterwards they shut down sales. The Total manager speculated the GSE did not want people to see the lines. The GSE told him he could sell to diplomats, but he did not want to be seen giving preferential treatment.

¶2. (C) All fuel in Eritrea is price-controlled. The government sells gasoline for about \$10 per gallon, using the surplus to subsidize diesel, which most vehicles use. He said the GSE loses money on diesel anyway. Aviation fuel is likewise price-controlled and much cheaper than elsewhere in the region. For this reason, he thought, Qadhafi's air crew had wanted to purchase it here during the recent visit (ref A). The manager had been holding 24,000 gallons of aviation fuel and was asked to move it urgently to Massawa for Qadhafi's seven planes. He only supplied 2,600 gallons per plane and didn't think it was enough to get the planes all the way back to Tripoli.

¶3. (C) Discussing the Eritrean military's continued involvement in fuel supplies and sales, (ref B), the manager said he recently traveled to his depot in Tessenei, near the Sudanese border, and was astonished to find the military using Total's fuel storage tanks.

Minimize Considered.

MCMULLEN